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Letter No. 2312

May 14, 1987

**U.S. GRAIN
EXPORTS TO
USSR**

The volume of U.S. grain exports to the USSR in 1987 is expected to at least triple 1986's level of 2 million 700 thousands tons, all of which was corn, according to the U.S. Department of Agriculture. The jump is tied to 4 million tons of wheat sold under the Export Enhancement Program compared with none in 1986. The corn contracts are also larger, running in early May at a pace 35 percent ahead of last year. The value of agricultural exports to the USSR may not show a parallel rise to that for volume because the increased grain shipments could be offset by lower prices and a decline in soybean sales. The Soviets have not bought U.S. soybeans since May 1986 when they completed purchases of 1½ million tons.

**USSR GRAIN
SITUATION
OUTLOOK**

The initial U.S. Department of Agriculture forecast of the 1987 Soviet grain crop is 195 million tons, 15 million tons below the 1986 crop. The estimate includes 75 million tons of wheat, 106 million of coarse grains and 14 million of miscellaneous grains and pulses. The winter grain production estimate is down from 1986 by 17 million tons because of three main factors: A drought related shortfall in seeded area last fall, above average area lost to winterkill and lower estimated yields. The projections of the 1987/88 Soviet crop production are highly tentative.

**USSR GRAIN
IMPORTS TO
CONTINUE HEAVY**

The USSR is again expected to turn heavily to the international grain market with 1987/88 imports currently projected at 36 million tons. According to the U.S. Department of Agriculture, imports in 1987/88 are expected to consist of 21 million tons of wheat, 14 million of coarse grains and the balance of rice, miscellaneous grains and pulses. Imports of quality bread wheats will again account for the bulk of Soviet wheat imports.

**TWO FORECASTS
FOR WHEAT
IMPORTS**

China's wheat imports in 1987/88 are projected to be about 9 million tons, a 30 percent increase from the 1986/87 estimate, but still well below the level of 13 million tons seen in 1982/83. Imports have been at an accelerated pace in the early part of 1986 and the U.S. Department of Agriculture expects this strong demand to continue. Brazil is forecast to import 20 percent more wheat in 1987/88 compared to last year. The 1987/88 consumption will call for about 3 million tons of imports to meet internal needs.

U.S. SOYBEAN STOCKS TO DROP

U.S. soybean stocks are forecast by the U.S. Department of Agriculture to drop significantly below the 1986/87 record, the first decline since 1983/84. U.S. exports of soybeans and soybean meal are likely to drop in 1987/88, mainly because of larger foreign oilseed supplies. Soybean oil exports could remain near this year's level. Soybean prices will be influenced by an expected effective increase in soybean loan rates.

WORLD GRAIN SITUATION & OUTLOOK

For the second consecutive year, global grain trade is forecast to expand, but still remains well below the 200 million-ton level of the early 1980's, according to the U.S. Department of Agriculture. As the 1987/88 marketing year approaches, the global grain situation remains characterized by large over-supply and over-capacity, but with some signs of a continued slowing in the rate of production increases in major exporting countries. Global production of total wheat and coarse grains in 1987 is likely to be smaller than global consumption for the first time since 1983. Global carry-over stocks are projected to decline.

WORLD WHEAT SITUATION

World wheat trade for 1987/88 is expected to be around 96 million tons, about 8 million above 1986/87, and about 15 percent higher than the low level in 1985/86, according to the U.S. Department of Agriculture. Much of the higher expected wheat trade can be attributed to higher imports by China and the USSR. Current low world prices are expected to continue in the short term, although some artificial strength could arise if stocks are withheld from the market.

MAJOR WHEAT EXPORTING COUNTRIES

The 1987/88 U.S. export wheat figure is projected by the U.S. Department of Agriculture at 33 million 500 thousand tons, up nearly 20 percent from earlier estimates. This expected rise is based on the continued competitiveness of U.S. wheat prices and the presence of abundant exportable supplies. Canadian wheat exports in 1987/88 are forecast to continue to be large. Feed wheat sales are likely to be focused on by the Canadian Wheat Board in its efforts to pick up market share in places like the USSR and Mexico. The European Community is expected to produce its second largest wheat harvest. Australian exports are forecast to be down from the 1986/87 level due to a smaller crop.

COARSE GRAIN SITUATION

The upcoming 1987/88 coarse grain season indicates abundant supplies, expanding trade, and the likelihood of competitive prices, according to the U.S. Department of Agriculture. Also the 1987/88 global coarse grain trade outlook shows about a 3 million-ton increase from the current marketing year. Relatively low prices are expected to make corn more attractive this next marketing year and stimulate additional import demands in traditional corn importing countries. Low prices could inhibit export programs of countries with export subsidy costs, like the European Community and South Africa.

OATS RELEASED

Oats in the farmers-owned grain reserve have been released for redemption, according to the U.S. Department of Agriculture. The national average price received by farmers reached \$1.67 per bushel, 2 cents above the \$1.65 per bushel reserve release level.

FROM OUR
TELEVISION
SERVICE

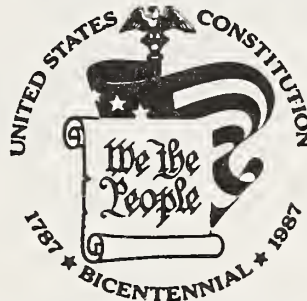
WEATHER AND CROP UPDATE...USDA chief meteorologist Dr. Norton Strommen offers the latest weather and crop update, focusing on recent warm and dry conditions in the Great Plains, Pacific Northwest and the Southeast areas. DeBoria Janifer interviews. (191)

USDA INSPECTION PLANT STUDY...The National Academy of Sciences recently released a study of USDA's poultry inspection system. Nancy Robinson with USDA's Food Safety and Inspection Service talks about some of the conclusions of this study. DeBoria Janifer interviews. (192)

LIVESTOCK AND POULTRY OUTLOOK...Livestock and poultry producers are expected to have positive returns this year. USDA economist Leland Southard examines the situation and outlook for livestock and poultry. Vic Powell interviews. (193)

COMPETITION IN MEATS...With total meat consumption figures remaining relatively flat, the competition has been intense among beef, pork and poultry producers for a larger share of the market. USDA economist John Ginzel takes a look at that competition. Vic Powell interviews. (194)

MYCOTOXINS AND STORED SOYBEANS...Bill Buck with the University of Illinois describes how storage molds in bins of soybeans can produce mycotoxins which can potentially cause human and animal health problems. Gary Beaumont interviews. (195)



FROM OUR RADIO
SERVICE

AGRICULTURE USA #1563...(Weekly 13½ min documentary) George Holmes takes a look at the science of Integrated Pest Management. Farmers are discovering that they can control insects by using other methods than just spraying pesticides.

AGRITAPE/FARM PROGRAM REPORT #1552...(Weekly reel of news features) USDA news highlights; Soybean industry; New export forecast; Raisin success.

CONSUMER TIME #1044...(Weekly reel of 2½-3 min features) New study on poultry safety; Changing your spending habits; Lawn care services; Greening up your lawn yourself; Intergenerational gardening.

USDA RADIO NEWS SERVICE...Tues, May 19, Agricultural outlook, Catfish, Weekly crop & weather; Wed, May 20, Exports; Thurs, May 21, Eggs, chickens and turkeys; Fri, May 22, Cotton & wool. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

Kudos to both Doug Thomas (Southern States Net, Baton Rouge, LA) and Gary Stewart (Northwest Ag News Net, Seattle, WA) for some great hospitality and program events at their respective NAFB regional meetings. We attended the Western meeting in Seattle, along with Nelson Robinson (ASCS radio/TV), and thoroughly enjoyed ourselves. We spent the first day at the Food and Ag Exposition and ate ourselves around the 130 exhibitors (they all had samples of their products). We counted about 30 NAFB voting and associate members, sponsors and family members at the first big sit down meal event. We received Doug's newsletter in which he reported about 60 attended. They ate themselves through some great seafood and excellent beef. Sorry we missed it. However, NAFB president Evan Slack (Evan Slack Net, Denver, CO) didn't. In fact he made both meetings, which were held the same weekend. He came to Seattle by way of Billings, MT. He made this "minor, incidental" jog in his plane to pick up Taylor Brown (Northern

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Ag Net, Billings) Western regional vice-president. Taylor's travel was delayed because he had to attend his sister's wedding. Evan and Taylor missed the Indian salmon barbecue on Blake Island, but they made the Sunday breakfast and business meeting ... At the meeting we learned that Roy Lee (KHMO, Hannibal, MO) died of a heart attack, April 20. He had moved to KHMO from KGRC last September. KHMO is looking for a replacement, and the person to call is general manager Ed Foxall, 314-221-3450 ... We also learned that Ken Root is leaving (or already has left) KWCH-TV/KBS, Hutchinson, KS, for a position with American Cyanamid ... We also found out that Mason Lewis is the new farm broadcaster at KFKA, Greeley, CO, replacing Dave Spitler and that Bob Hoff is handling the reporting duties for the Pacific Northwest Farm Network. The network is headquartered with KWHT in Pendleton, OR, but at least for the time being, Bob is operating out of Spokane, WA ... Next week, the saga of a Tokyo trip home.



JAMES L. JOHNSON, Chief, Radio and Television Division